

National Central Cooling Company PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2014 (UNAUDITED)



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL CENTRAL COOLING COMPANY PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of National Central Cooling Company PJSC (the "Company") and its subsidiaries (the "Group") as at 31 March 2014, comprising of the interim consolidated statement of financial position as at 31 March 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period ended 31 March 2014 and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No. 811

27 April 2014
Abu Dhabi

National Central Cooling Company PJSC
INTERIM CONSOLIDATED INCOME STATEMENT
 Period ended 31 March 2014 (Unaudited)

		<i>Three month period ended 31 March 2014 AED '000</i>	<i>Three month period ended 31 March 2013 AED '000</i>
	<i>Notes</i>		
Revenues	3	227,198	218,575
Operating costs	3	(108,165)	(106,853)
GROSS PROFIT		119,033	111,722
Administrative and other expenses		(40,718)	(36,169)
OPERATING PROFIT		78,315	75,553
Finance costs	3	(34,408)	(39,969)
Finance income	3	1,693	1,318
Other income	3	327	58
Share of results of associates and joint ventures	3	12,811	10,300
PROFIT FOR THE PERIOD		58,738	47,260
Attributable to:			
Ordinary equity holders of the parent		58,240	47,841
Non-controlling interests		498	(581)
		58,738	47,260
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	4	0.02	0.01

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2014 (Unaudited)

	<i>Three month period ended 31 March 2014 AED '000</i>	<i>Three month period ended 31 March 2013 AED '000</i>
PROFIT FOR THE PERIOD	58,738	47,260
Other comprehensive (expense) income		
Board remuneration for the year 2013 (note 10)	(4,500)	-
Net other comprehensive expense not to be reclassified to profit or loss in subsequent periods	(4,500)	-
Net movement in fair value of derivatives in cash flow hedges	5,178	(3,364)
Share of changes in fair value of derivatives of associate in cash flow hedges	1,089	2,327
Exchange differences arising on translation of overseas operations	(4)	(26)
Net other comprehensive income (expense) to be reclassified to profit or loss in subsequent periods	6,263	(1,063)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	60,501	46,197
Attributable to:		
Ordinary equity holders of the parent	60,003	46,778
Non-controlling interests	498	(581)
	60,501	46,197

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014 (Unaudited)

		<i>31 March</i>	<i>(Audited)</i>
		<i>2014</i>	<i>31 December</i>
	<i>Notes</i>	<i>AED '000</i>	<i>2013</i>
		<i>AED '000</i>	<i>AED '000</i>
ASSETS			
Non-current assets			
Capital work in progress	5	121,713	117,711
Property, plant and equipment		4,784,376	4,778,566
Intangible assets		37,596	37,596
Investments in associates and joint ventures		465,139	452,248
Loans to a joint venture		72,276	72,276
Finance lease receivables		1,613,188	1,618,906
		<u>7,094,288</u>	<u>7,077,303</u>
Current assets			
Inventories		37,012	37,026
Accounts receivable and prepayments		438,651	458,524
Finance lease receivables		117,997	117,787
Contract work in progress		43,671	43,208
Cash and short term deposits		732,650	670,382
		<u>1,369,981</u>	<u>1,326,927</u>
Asset held for sale		21,055	21,055
		<u>1,391,036</u>	<u>1,347,982</u>
TOTAL ASSETS		<u>8,485,324</u>	<u>8,425,285</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital		659,063	659,063
Treasury shares		(2,016)	(2,016)
Statutory reserve		130,256	130,256
Retained earnings		355,817	335,030
Foreign currency translation reserve		(2,491)	(2,487)
Cumulative changes in fair value of derivatives		(43,769)	(50,036)
Mandatory convertible bonds – equity component	7	2,578,149	2,487,017
Other reserve	11	928,856	1,019,988
		<u>4,603,865</u>	<u>4,576,815</u>
Non-controlling Interests		<u>73,478</u>	<u>74,258</u>
Total equity		<u>4,677,343</u>	<u>4,651,073</u>
Non-current liabilities			
Accounts payable and accruals		23,378	23,378
Interest bearing loans and borrowings		1,866,387	1,857,114
Islamic financing arrangements		485,169	484,653
Obligations under finance lease		20,081	21,346
Mandatory convertible bonds– liability component	7	434,041	453,045
Employees' end of service benefits		20,660	19,851
		<u>2,849,716</u>	<u>2,859,387</u>
Current liabilities			
Accounts payable and accruals		613,377	564,667
Advances from a related party		73,869	73,869
Interest bearing loans and borrowings		135,872	135,872
Islamic financing arrangements		22,894	22,894
Mandatory convertible bonds– liability component	7	104,889	110,159
Obligations under finance lease		7,364	7,364
		<u>958,265</u>	<u>914,825</u>
Total liabilities		<u>3,807,981</u>	<u>3,774,212</u>
TOTAL EQUITY AND LIABILITIES		<u>8,485,324</u>	<u>8,425,285</u>

Waleed Al Mokarrab Al Mubhairi
 CHAIRMAN

Jasim H. Thabet
 CHIEF EXECUTIVE OFFICER

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2014 (Unaudited)

	Attributable to equity holders of the parent											
	Issued capital	Treasury shares	Statutory reserve	Retained earnings	Foreign currency translation reserve	Cumulative changes in fair value of derivatives	Mandatory convertible bonds - equity component	Proposed dividends	Other reserve	Total	Non-controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2013	659,063	(2,016)	103,021	130,209	(2,424)	(48,500)	2,353,138	-	1,153,867	4,346,358	80,233	4,426,591
Profit (loss) for the period	-	-	-	47,841	-	-	-	-	-	47,841	(581)	47,260
Other comprehensive income for the period	-	-	-	-	(26)	(1,037)	-	-	-	(1,063)	-	(1,063)
Total comprehensive income (expense) for the period	-	-	-	47,841	(26)	(1,037)	-	-	-	46,778	(581)	46,197
Transfer to other reserve	-	-	-	133,879	-	-	-	-	(133,879)	-	-	-
Proposed dividends to ordinary shareholders	-	-	-	(32,953)	-	-	-	32,953	-	-	-	-
Proposed dividends to mandatory convertible bond holders	-	-	-	(133,879)	-	-	-	133,879	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,677	2,677
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,032)	(4,032)
Balance at 31 March 2013	659,063	(2,016)	103,021	145,097	(2,450)	(49,537)	2,353,138	166,832	1,019,988	4,393,136	78,297	4,471,433
Balance at 1 January 2014	659,063	(2,016)	130,256	335,030	(2,487)	(50,096)	2,487,017	-	1,019,988	4,576,815	74,258	4,651,073
Profit for the period	-	-	-	58,240	-	-	-	-	-	58,240	498	58,738
Other comprehensive income (expense) for the period	-	-	-	(4,500)	(4)	6,267	-	-	-	1,763	-	1,763
Total comprehensive income (expense) for the period	-	-	-	53,740	(4)	6,267	-	-	-	60,003	498	60,501
Transfer from other reserves (note 11)	-	-	-	137,851	-	-	-	-	(137,851)	-	-	-
Dividends declared to ordinary shareholders (note 10)	-	-	-	(32,953)	-	-	-	-	-	(32,953)	-	(32,953)
Issuance of mandatory convertible bond 4 in lieu of cash dividend to existing MCB (note 10)	-	-	-	(137,851)	-	-	91,132	-	46,719	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,278)	(1,278)
Balance at 31 March 2014	659,063	(2,016)	130,256	355,817	(2,491)	(43,769)	2,578,149	-	928,856	4,603,865	73,478	4,677,343

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2014 (Unaudited)

	<i>Three month period ended 31 March 2014 AED '000</i>	<i>Three month period ended 31 March 2013 AED '000</i>
	<i>Notes</i>	
OPERATING ACTIVITIES		
Profit for the period	58,738	47,260
Non-cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation of property, plant and equipment	34,453	34,816
Finance income relating to finance lease receivable	(30,417)	(30,473)
Share of results of associates and joint ventures	(12,811)	(10,300)
Net movement in employees' end of service benefits	809	433
Finance income	(1,693)	(1,318)
Finance costs	34,408	39,969
	<u>83,487</u>	<u>80,422</u>
Working capital adjustments:		
Inventories	14	(2,815)
Accounts receivable and prepayments	20,996	34,668
Contract work in progress	(463)	3,187
Accounts payable and accruals	(11,008)	(24,683)
Lease rental received	35,925	35,984
Board remuneration	(4,500)	-
Net cash flows from operating activities	<u>124,451</u>	<u>126,728</u>
INVESTING ACTIVITIES		
Payments for capital work in progress	(10,636)	(27,101)
Interest received	570	393
Net cash flows used in investing activities	<u>(10,066)</u>	<u>(26,708)</u>
FINANCING ACTIVITIES		
Interest bearing loans and borrowings received	7,808	-
Interest bearing loans and borrowings repaid	(674)	(306)
Payment for obligations under finance lease	(1,265)	(1,151)
Capital contribution by non-controlling interests	-	2,677
Cash coupons on mandatory convertible bonds	7 (30,147)	(30,147)
Interest paid	(26,561)	(30,293)
Dividends paid to non – controlling interests	(1,278)	(4,032)
Net cash flows used in financing activities	<u>(52,117)</u>	<u>(63,252)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,268	36,768
Cash and cash equivalents at 1 January	<u>670,382</u>	<u>560,417</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	6 732,650	597,185

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2014 (Unaudited)

1 ACTIVITIES

National Central Cooling Company PJSC ("Tabreed" or the "Company") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the U.A.E. Commercial Companies Law No. 8 of 1984 (as amended) and is listed on the Dubai Financial Market. The Company is a subsidiary of Mubadala Development Company PJSC ("MDC" or the "Parent Company"). The principal activity of the Company is to supply chilled water.

The Company's registered office is located at P.O. Box 32444, Dubai, United Arab Emirates.

The interim condensed consolidated financial statements of the Group were authorized for issuance by the Board of Directors on 27 April 2014.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirham (AED), which is the functional currency of the Company. All values are rounded to the nearest thousand (AED '000) except otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2013. In addition, results for the three month period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the following new and amended standards and interpretations as on 1 January 2014.

However, the adoption of the new and amended standards does not impact the interim condensed consolidated financial statements of the Group. The nature of each new standard, interpretation or amendment is described below:

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2014 (Unaudited)

2.2 SIGNIFICANT ACCOUNTING POLICIES continued

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. These amendments have no impact on the Group.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The adoption of IFRIC 21 did not have any impact on the Group.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2014 (Unaudited)

3 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The 'Chilled water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling systems.
- The 'Value chain business' support segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

Segment performance is evaluated based on operating profit or loss and is measured consistently with the Group's operating profit or loss in the interim condensed consolidated financial statements. However, Group financing (finance costs and interest income) are managed on a group basis and are not allocated to operating segments.

	<i>Three month period ended 31 March 2014</i>				<i>Three month period ended 31 March 2013</i>			
	<i>Chilled water</i>	<i>Value chain business</i>	<i>Eliminations</i>	<i>Total</i>	<i>Chilled water</i>	<i>Value chain business</i>	<i>Eliminations</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue								
External revenue	208,218	18,980		227,198	202,729	15,846	-	218,575
Inter-segment revenue		1,524	(1,524)	-	-	1,859	(1,859)	-
Total revenue	208,218	20,504	(1,524)	227,198	202,729	17,705	(1,859)	218,575
Operating costs	(96,386)	(13,884)	2,105	(108,165)	(96,838)	(12,474)	2,459	(106,853)
Gross profit	111,832	6,620	581	119,033	105,891	5,231	600	111,722
Results								
Operating profit	76,568	1,080	667	78,315	74,263	618	672	75,553
Finance costs				(34,408)				(39,969)
Finance income				1,693				1,318
Other income				327				58
Share of results of associates and joint ventures	12,811	-	-	12,811	10,300	-	-	10,300
Profit for the period				58,738				47,260

Inter-segment revenues are eliminated on consolidation.

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2014 (Unaudited)

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds (note 7).

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and dilutive earnings per share computations:

	<i>Three month period ended 31 March 2014</i>	<i>Three month period ended 31 March 2013</i>
Profit for the period attributable to ordinary equity holders of the parent for basic earnings (AED '000)	<u>58,240</u>	<u>47,841</u>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period ('000)	<u>657,047</u>	657,047
Effect of mandatory convertible bonds ('000)	<u>2,761,817</u>	<u>2,677,584</u>
Total ('000)	<u>3,418,864</u>	<u>3,334,631</u>
Basic and dilutive earnings per share (AED)	<u>0.02</u>	<u>0.01</u>

Basic earnings per share has been calculated on the basis of maximum number of shares that may be issued for mandatory convertible bonds .

The potential ordinary shares to be issued on new tranche of MCB-4 have been estimated based on fixed exchange ratio calculated using 1-week value weighted average share price as on 20 April 2014 (note 7).

5 CAPITAL WORK IN PROGRESS

During the three month period ended 31 March 2014 the Group has incurred expenditure of AED 4.3 million (31 March 2013: AED 5.4 million) primarily relating to construction of district cooling plants (note 7).

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2014 (Unaudited)

6 CASH AND CASH EQUIVALENTS

Geographical concentration of cash and cash equivalents is as follows:

	<i>At 31 March 2014 AED '000</i>	<i>At 31 March 2013 AED '000</i>
Within UAE	713,040	573,550
Outside UAE	19,610	23,635
	<u>732,650</u>	<u>597,185</u>

7 MANDATORY CONVERTIBLE BONDS

Reconciliation between the amounts presented in the consolidated statement of financial position is as follows:

	<i>Mandatory convertible bond (MCB 1A)</i>		
	<i>Liability component AED '000</i>	<i>Equity component AED '000</i>	<i>Total AED '000</i>
	2014		
Balance at 1 January 2014	208,899	870,575	1,079,474
Accretion expense	2,074	-	2,074
Amortization of transaction costs	82	-	82
Cash coupons paid	(11,146)	-	(11,146)
Balance at 31 March 2014	<u>199,909</u>	<u>870,575</u>	<u>1,070,484</u>

	<i>Mandatory convertible bond (MCB 1B)</i>		
	<i>Liability component AED '000</i>	<i>Equity component AED '000</i>	<i>Total AED '000</i>
	2014		
Balance at 1 January 2014	220,111	922,612	1,142,723
Accretion expense	2,195	-	2,195
Amortization of transaction costs	137	-	137
Cash coupons paid	(11,797)	-	(11,797)
Balance at 31 March 2014	<u>210,646</u>	<u>922,612</u>	<u>1,133,258</u>

	<i>Mandatory convertible bond (MCB 1C)</i>		
	<i>Liability component AED '000</i>	<i>Equity component AED '000</i>	<i>Total AED '000</i>
	2014		
Balance at 1 January 2014	134,194	559,951	694,145
Accretion expense	1,341	-	1,341
Amortization of transaction costs	44	-	44
Cash coupons paid	(7,204)	-	(7,204)
Balance at 31 March 2014	<u>128,375</u>	<u>559,951</u>	<u>688,326</u>

National Central Cooling Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2014 (Unaudited)

7 MANDATORY CONVERTIBLE BONDS continued

	<i>Mandatory convertible bond (MCB 4)</i>		
	<i>Liability component</i>	<i>Equity component</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2014			
Balance at 1 January 2014	-	133,879	133,879
Issued during the period (note i)	-	91,132	91,132
Balance at 31 March 2014	-	225,011	225,011
Total balance of MCBs at 31 March 2014	538,930	2,578,149	3,117,079
Total balance of MCBs at 31 December 2013	563,204	2,487,017	3,050,221
Allocated to the bonds as follows:			
MCB 1A (representing 989,944,912 shares at AED 1 each)	199,909	870,575	1,070,484
MCB 1B (representing 1,047,776,962 shares at AED 1 each)	210,646	922,612	1,133,258
MCB 1C (representing 639,862,459 shares at AED 1 each)	128,375	559,951	688,326
MCB 4 (representing 79,426,201 shares at AED 1 each)	-	133,879	133,879
MCB 4- new tranche (representing 54,065,391 shares at AED 1 each) (note i)	-	91,132	91,132
Total 2,811,075,925 shares @ AED 1 each	538,930	2,578,149	3,117,079

Liability component of mandatory convertible bonds is analysed in the interim consolidated statement of financial position as follows:

	<i>At 31 March 2014</i>	<i>At 31 December 2013</i>
	<i>AED '000</i>	<i>AED '000</i>
Current	104,889	110,159
Non current	434,041	453,045
	538,930	563,204

- (i) In the Annual General Meeting held on 24 March 2014, the shareholders approved a new tranche of MCB 4 to be issued in the form of trust certificates maturing in April 2019. The value of the new tranche amounting to AED 91.132 million has been estimated based on a fixed exchange ratio calculated using 1-week value weighted average share price as on 20 April 2014. All other terms of the new tranche are similar to those of MCB 4 already in issue. The final value of the new tranche will be determined on 1 May 2014, with a fixed exchange ratio calculated using 1-week value weighted average share price as of that date, being the effective issue date of the new tranche.

	<i>At 31 March 2014</i>	<i>At 31 December 2013</i>
Mandatory convertible bonds equivalent number of shares ('000)	2,757,010	2,677,584
Approved dividend – 5 fils per share (AED'000)	137,850	133,879
1-week value weighted average share price (AED)	2.5497	1.6856
Shares issued in lieu of dividend ('000)	54,065	79,426
Strike price as per MCB 4 agreement (AED)	1.6856	1.6856
Value of MCB 4 issued during the period (AED'000)	91,132	133,879

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8 COMMITMENTS AND CONTINGENCIES

Capital commitments

The authorised capital expenditure contracted for at 31 March 2014 but not provided for amounted to AED 52 million (31 December 2013: AED 58 million).

Contingencies

The bankers have issued guarantees on behalf of the Group as follows:

	<i>At 31 March 2014 AED '000</i>	<i>At 31 December 2013 AED '000</i>
Performance guarantees	110,472	119,654
Advance payment guarantees	1,425	2,030
Financial guarantees	<u>13,643</u>	<u>2,586</u>
	<u>125,540</u>	<u>124,270</u>

9 RELATED PARTY TRANSACTIONS

Related parties represent the Government of Abu Dhabi and related departments and institutions (owner of the majority shareholder), associated companies, joint ventures, majority shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the interim consolidated income statement are as follows:

	<i>Three month period ended 31 March 2014</i>				<i>Three month period ended 31 March 2013</i>			
	<i>Revenue AED'000</i>	<i>Operating costs AED'000</i>	<i>Interest expense AED'000</i>	<i>Other income AED'000</i>	<i>Revenue AED'000</i>	<i>Operating costs AED'000</i>	<i>Interest expense AED'000</i>	<i>Other income AED'000</i>
Associated companies	-	<u>21,801</u>	-	<u>1,083</u>	-	<u>21,935</u>	-	<u>1,064</u>
Majority shareholder	-	-	<u>5,610</u>	-	-	-	<u>5,660</u>	-
Associate of majority shareholder	<u>13,973</u>	-	-	-	<u>12,430</u>	-	-	-
Government related departments and institutions	<u>6,721</u>	<u>12,687</u>	<u>7,218</u>	-	<u>6,668</u>	<u>13,179</u>	<u>11,507</u>	-

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2014 (Unaudited)

9 RELATED PARTY TRANSACTIONS continued

Balances with related parties included in the interim consolidated statement of financial position are as follows:

	<i>Loans receivable</i>	<i>Mandatory convertible bonds</i>	<i>At 31 March 2014 Accounts Receivable</i>	<i>Accounts payables and advances</i>	<i>Interest bearing loans and Islamic financing arrangements</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Associated companies	-	-	14,037	32,352	-
Joint venture	72,276	-	7,774	-	-
Majority shareholder	-	3,117,079	-	-	-
Associate of a majority shareholder	-	-	101,866	73,869	-
Government related departments and institutions	-	-	6,641	3,441	907,696
	<u>72,276</u>	<u>3,117,079</u>	<u>130,318</u>	<u>109,662</u>	<u>907,696</u>

	<i>Loans receivable</i>	<i>Mandatory convertible bonds</i>	<i>At 31 December 2013 Accounts Receivable</i>	<i>Accounts payables and advances</i>	<i>Interest bearing loans and Islamic financing arrangements</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Associated companies	-	-	20,323	32,868	-
Joint venture	72,276	-	7,313	-	-
Majority shareholder	-	3,050,221	223	-	-
Associate of a majority shareholder	-	-	138,009	73,869	-
Government related departments and institutions	-	-	10,443	3,442	906,690
	<u>72,276</u>	<u>3,050,221</u>	<u>176,311</u>	<u>110,179</u>	<u>906,690</u>

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	<i>Three month period ended 31 March 2014 AED '000</i>	<i>Three month period ended 31 March 2013 AED '000</i>
Short-term benefits	4,685	4,268
Employees' end of service benefits	139	140
	<u>4,824</u>	<u>4,408</u>
Number of key management personnel	<u>18</u>	<u>17</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10 DIVIDENDS AND BOARD REMUNERATION

During the period, the Board of Directors proposed a dividend of 5 fils per share pertaining to both common shareholders and mandatory convertible bond holders in respect of the fiscal year ended 31 December 2013. This dividend was approved by the shareholders at the Annual General Meeting held on 24 March 2014.

The dividend consisted of a cash payment to the common shareholders and a settlement of dividends accruing to holders of the mandatory convertible bonds in the form of a new tranche of mandatory convertible bonds (MCB 4) with no coupon, convertible into the Company's shares by April 2019.

The difference between the dividend amount attributable to the mandatory convertible bond holder and the book value of MCB 4 issued based on the strike price of AED 1.6856 for 54,065,391 shares has been transferred to other reserve. The equivalent number of shares to be issued has been estimated using the 1-week value weighted average share price as on 20 April 2014.

Furthermore, Board of Directors' remuneration of AED 4.5 million for the year ended 31 December 2013 was also approved at the Annual General Meeting held on 24 March 2014. Board remuneration of AED 7.5 million for the year ended 31 December 2012 was approved at the previous Annual General Meeting on 16 April 2013.

11 OTHER RESERVE

The Company's Board of Directors resolved to transfer an amount of AED 137.9 million from the other reserve to retained earnings during the period.